

Press Release

Contact: John Blair
Phone: (860) 418-7024

FOR IMMEDIATE RELEASE
September 20, 2006

CONNECTICUT OFFICE OF HEALTH CARE ACCESS ANNOUNCES FY 2005 HOSPITAL FINANCIAL PERFORMANCE

HARTFORD – According to the most recent data from the Connecticut Office of Health Care Access (OHCA), Connecticut’s acute care hospitals experienced a slight decline in their overall financial performance in 2005, largely due to decreases in gains from both the delivery of patient care and non-patient care activities. The statewide median total margin decreased from 2.1% in FY (fiscal year) 2004 to 1.8% in FY 2005. The statewide median operating margin also declined, dropping from 1.4% to 0.7% over the same time period.

The number of hospitals ending the year with operating losses grew from eight in FY 2004 to 11 in the following year. Moreover, FY’s 2005 weakest hospital had a negative operating margin of -9.67%, as compared to FY 2004’s poorest performing hospital’s negative operating margin of -4.3%. A negative operating margin indicates that revenues are not covering costs. “Although our hospital system is strong, Connecticut has hospitals that are struggling with ongoing operating losses. These losses directly affect the ability of hospitals to reinvest in their facilities and expand services,” said OHCA Commissioner Cristine Vogel.

Similarly, the number of hospitals with negative total margins increased from five in FY 2004 to seven in FY 2005. “Total margin illustrates the composite financial performance of a facility. If it is negative, the hospital is losing money after all sources of revenue and income have been taken into account,” said Vogel.

Despite the slight decline in overall financial performance, more than half (55%) of all Connecticut hospitals saw improvements in their total margin as compared to FY 2004, and 15 of the state’s 31 acute care hospitals had total margins exceeding 2%. Also on the positive side, the statewide median total margin was higher than the statewide median operating margin for the third consecutive year.

Uncompensated care costs increased by 3.7% to more than \$1.7 million over the year, but because statewide net patient revenue grew at a faster rate (7.1%), uncompensated care comprised a slightly smaller portion of total patient care in FY 2005 as compared to FY 2004 (2.9% versus 2.8%).

In FY 2005, hospitals received the largest share of their net revenue, 49%, from government payers, followed by non-government “commercial” payers at 48%. Overall, Connecticut’s acute care hospitals’ total payer mix remained unchanged from the prior two fiscal years.

Statewide, total operating expenses increased by 6.5% to more than \$6 billion from the prior year. Total patient days (over 2 million) and total discharges (422,917) both increased for the third straight year, up 4.4% and 3.6%, respectively. Average length of stay remained unchanged, at 4.9 days.

A complete copy of this report will be available next month and can be obtained at <http://www.ct.gov/ohca>